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Letter No. 2394

December 22, 1988

28.1 MILLION ACRES IN CRP

An additional 2,604,901 acres were enrolled into the 10-year Conservation Reserve Program, according to the U.S. Department of Agriculture. This brings the total under CRP contracts to 28,130,290 acres. The annual rental payments in the bids accepted averaged \$49.71 per acre. The average for the first six signups was \$48.38.

WHEAT SALES 1988/89

As of December 8, the total wheat shipments and sales for 1988/89, excluding products, totaled 24 million tons, according to the U.S. Department of Agriculture. That's 3.3 million tons less than the same period in 1987/88. The leading purchasers of U.S. wheat during the four weeks leading up to Dec. 8 were Pakistan, Morocco, Japan, South Korea, and Egypt. During the same 4-week period in 1987/88, large sales of U.S. wheat were made to the USSR under the Export Enhancement Program compared to none so far this year.

ARGENTINE WHEAT - 1988/89

Argentina's 1988/89 wheat exports of 3.2 million tons are forecast to be the lowest since 1978/79 because of a further decline in the forthcoming harvest, according to the U.S. Department of Agriculture. Consequently, if Argentina honors all its wheat export commitments to Brazil, Iran, Venezuela, Peru and Colombia, it could mean reduced wheat exports to other destinations such as China and/or the USSR. As a result, the U.S. share in those markets could increase in 1989.

LOWER QUALITY WHEAT IN AUSTRALIA

Australia is currently forecast to export 10.8 million tons of wheat in 1988/89, about 11 percent less than last year's level, according to the U.S. Department of Agriculture. Not only is the forecast quantity down but the quality of the crop is also expected to decrease. Recent heavy rains could cause a significant portion of the 1988 crop, estimated at 13 million tons, to be downgraded from milling-quality to feed-quality wheat. Traditional Australian milling-quality wheat markets may consequently turn to other exporters such as the U.S. However, Australia might supply feed-quality wheat to Korea, which would displace some U.S. corn sales to that market.

U.S. CORN SALES

Sales and shipments of corn from the U.S. remain about 25 percent ahead of last year, according to the U.S. Department of Agriculture. Through this December 8, the total was 22.7 tons...versus 18.7 million tons for the same period last year. Leading purchasers of U.S. corn during the 4-weeks leading to Dec. 8 included the USSR, Japan, Mexico and South Korea.

EC TOTAL
GRAIN CROP
ABOVE TARGET

The European Community's 1988 grain crop was officially announced at 162.5 million tons against a production target of 160 million tons, according to the U.S. Department of Agriculture. This overproduction triggers only a 1.6 percent overproduction tax for this season and a 3-percent reduction in next year's support prices. EC has again demonstrated that its penalties are inadequate to curb overproduction. Additionally, the grain producers simply pass the tax on to grain users.

1989 AG
OUTLOOK
FOR CROPS

The 1989 agricultural outlook is for smaller global crop supplies, firm demand, and higher prices, according to the U.S. Department of Agriculture. The 1988 drought sharply cut U.S. and Canadian crops, lowering world production more than 6 percent. Crop prices will continue to reflect these smaller supplies early in 1989. In the second half of 1989, an expanded output is likely, stopping the drawdown in stocks.

FEED GRAIN
OUTPUT, 1989

The world feed grain output in 1988/89 will be down around 10 percent, and oilseed production is expected to decline 3 percent, according to the U.S. Department of Agriculture. The wheat harvest will hold near levels of a year earlier as larger crops in the European Community, Eastern Europe and several other countries offset declines in North America. In the United States, feed grain output dropped one-third and soybeans one-fifth. Demand, however, remains relatively strong in 1988/89, so U.S. grain and soybean stocks will be cut around 60 percent. However, the carryout still will represent 2-3/4 months of use.

NET CASH
INCOME
FOR 1989

The net cash income of U.S. producers in 1989 is likely to be \$48 to \$52 billion, down from 1988's record-tying estimate of \$57 billion, according to the U.S. Department of Agriculture. Firm prices for most commodities and larger production will mean total farm receipts slightly above the 1988 record. Cash expenses are expected to rise moderately with expanded acreage and costlier inputs. Direct government payments to farmers are likely to fall one-fifth. Farmers are expected to spend \$115-\$118 billion for inputs for 1989, which is 4 to 6 percent above 1988. The quantity of seed used for the major field crops could be up 10 to 15 percent, and fertilizer use likely will rise 7 to 10 percent.

1989 U.S.
AG EXPORTS

The value of U.S. agricultural exports in 1989 is forecast to grow \$1 billion, to \$36.5 billion, according to the U.S. Department of Agriculture. A \$2.5 billion rise expected for grain and feed exports will more than offset declines in cotton and oilseeds. World prices for wheat, corn and soybeans are expected to be the highest since 1985. Exports of high-value products are likely to remain close to fiscal 1988's record \$16.4 billion.

EC &
HORMONES

In a speech in Strasbourg, France, Dr. Lester Crawford of the U.S. Department of Agriculture declared, "If the European Community does not modify its hormone policy soon, meat trade between Europe and the U.S. will end." Dr. Crawford cited the reappearance of illegal DES use in Europe as further evidence of public health problems caused by the present EC policy.

SHORT OF
IRON?

Women who show signs of iron deficiency, but are not anemic, used less oxygen during exercise and tire faster, according to research by the U.S. Department of Agriculture. As the women's iron reserves decreased, so did their ability to burn calories, which reduced their potential energy output. According to USDA statistics, the average intake of iron from food for premenopausal women in the U.S. was little more than half the Recommended Dietary Allowance in 1985. Almost four-fifths of the women surveyed get less than 70 percent of the RDA for iron through their diets.

U.S. TOBACCO
CROP

The U.S. tobacco crop is larger this year than last, but total supplies are lower in 1988/89 because of smaller beginning stocks, according to the U.S. Department of Agriculture. Tighter supplies and the generally better quality 1988 crop have boosted prices of virtually every type of tobacco this season. The 1988 flue-cured averaged \$1.61 a pound, 2 cents more than last year. Burley sales began Nov. 21, with prices averaging about 4 cents a pound higher than a year earlier. The total U.S. tobacco production this year is forecast at 1.33 billion pounds, 12 percent above 1987, but 33 percent below 1982.

FROM OUR RADIO
SERVICE

AGRICULTURE USA #1647...(Weekly 13½ min documentary) George Holmes presents a radio version of his recent award winning television documentary on the war against marijuana growers which is being waged in the nation's national forests.

AGRITAPE/FARM PROGRAM REPORT #1635...(Weekly reel of news features) USDA news highlights; Conservation reserve sign-up results; Seaweed salvation?; New vocations for Iowa farm women; Korean/U.S. trade talks.

CONSUMER TIME #1127...(Weekly reel of 2½-3 min features) Who is a potential child abuser?; Keep that old Christmas tree!; Turkey burgers?; Preserving food by irradiation; Some free farmland.

USDA RADIO NEWS SERVICE...Tues, Dec. 27, World coffee situation; Wed, Dec. 28, Crop/weather update; Fri, Dec. 30, Ag. prices report; Wed, Jan. 4, Crop/weather update; Fri, Jan. 6, Hog and pig inventory; Tues, Jan. 10, Crop/weather update; Wed, Jan. 11, U.S. crop production; Fri, Jan. 13, World ag. supply and demand (published not on the same day as the U.S. crop report for Jan. only). Dial the USDA Radio Newsline 202-488-8358 or 8359. All material changed at 5 p.m. ET each working day.

TELEVISION SERVICE programs, DOWN TO EARTH, AGRICULTURAL UPDATE and SATELLITE NEWS are available on satellite Westar IV, audio 6.2 or 6.8 as follows:

Thursdays....AG UPDATE/SATELLITE NEWS, 7:30-7:45 p.m. ET.....Transponder 12D

Saturdays

ORIGINAL	DOWN TO EARTH, 10:30-11:00 a.m. ET....Transponder 10D
UPLINK	SATELLITE NEWS/AG UPDATE, 11:00-11:15 a.m. ET.....Transponder 10D

Mondays

REPEAT	DOWN TO EARTH, 8:30-9:00 a.m. ET....Transponder 12D
UPLINK	SATELLITE NEWS/AG UPDATE, 9:00-9:15 a.m. ET.....Transponder 12D

OFF MIKE

Agricultural Commissioner...of the People's Republic of Bulgaria, Dr. Mermersky, and the editor of that nation's daily farm newspaper, Mr. Romanov, stopped by to learn how USDA gets its information to farmers. It was a learning process both ways. Informed them of the important role of farm broadcasters and of advertising. They don't have advertising in their newspaper or on radio-TV, a handicap for their farmers in getting the latest information on products and services. They said a daily 5-minute morning radio program is broadcast, and a 90-minute TV program called "Seeds In The Furrow" is transmitted at 1 pm. Farm Director...at KAWL (York, NE) is Jack McConnell, recently relocated from KMMJ (Grand Island). Farm Broadcaster...is wanted at Southern States Network (Baton Rouge LA). Call Doug Thomas or Larry Griffith 1-504-388-0550. Nice letter...from Lew Middleton and Gary Truitt (Agri-Business

Farm Broadcasters Letter
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Network, Indianapolis) extending congratulations to our Brenda Curtis and colleagues for the GATT coverage from Montreal. Timely rains...are helping the central sections of Iowa, but SE & NE regions remain dry says Dale Hansen (KWWL-TV, Waterloo). Also says he used all the GATT items we sent on satellite. Holiday cards...to local advertisers are often displayed, such as the ones on our bulletin board received here today from Jim Williams (AP Broadcast Services), and Ray Wilkinson, Dix Harper and staff (WRAL-TV Tobacco Radio Network, Raleigh, NC). 1989...marks the 100th year of USDA as a cabinet-level Department. History...10 years ago this column, George Gatley (KYEL, Yuma) begins his new network January 2. 20 years ago, NAFB President Wayne Liles (KWTW, Oklahoma City) has appointed committee chairmen. HAPPY HOLIDAYS. may 1989 be your best year yet.


VIC POWELL, Chief, Radio and Television Division